



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA

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Joint Application of Southern California Edison Company )  
(U 338-E) and San Diego Gas & Electric Company )  
(U 902-E) for the 2009 Nuclear Decommissioning )  
Cost Triennial Proceeding to Set Contribution )  
Levels for the Companies' Nuclear )  
Decommissioning Trust Funds and Address Other )  
Related Decommissioning Issues. )  
\_\_\_\_\_ )

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Application No. \_\_\_\_\_  
(Filed April 3, 2009)

**JOINT APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)  
AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR THE 2009 NUCLEAR  
DECOMMISSIONING COST TRIENNIAL PROCEEDING**

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**Dated: April 3, 2009**

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DECOMMISSIONING COST TRIENNIAL PROCEEDING**

In compliance with Ordering Paragraph No. 7 of California Public Utilities Commission (Commission) Decision (D.)95-07-055<sup>1</sup> and Ordering Paragraph Nos. 6-8 of D.07-01-003,<sup>2</sup> as modified by the filing date set in the Executive Director's letter dated April 29, 2008 to Southern California Edison Company ("SCE") and San Diego Gas & Electric Company ("SDG&E"), SCE and SDG&E (hereinafter collectively referred to as the "Utilities"), hereby submit their Joint Application for the 2009 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP).

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<sup>1</sup> In D.95-07-055, in the Commission's OII 86 Re Present and Alternative Methods of Financing Nuclear Facility Decommissioning Costs, the Commission ordered all electric Utilities that own nuclear generating facilities, including SCE and SDG&E, to update their "engineering cost studies and ratepayer contribution analysis" for nuclear decommissioning costs every three years. D.95-07-055, Ordering Paragraph 7, (*mimeo*), p. 30.

<sup>2</sup> In D.07-01-003, the Commission ordered SCE, SDG&E, and Pacific Gas and Electric Company to serve additional testimony in their triennial review regarding personnel qualifications, low level radioactive waste storage forecasts, and an appropriate contingency factor for inclusion in the decommissioning revenue requirements. D.07-01-003, Ordering Paragraph Nos. 6-8, (*mimeo*), pp. 33-34.

## I.

### THIS JOINT APPLICATION IS IN COMPLIANCE WITH COMMISSION DECISIONS

In this Joint Application, the Utilities request the Commission:

- (1) Find the \$207.2 million (100% share, 2008\$) cost of San Onofre Nuclear Generating Station (SONGS) Unit 1 Decommissioning Work completed between July 1, 2005 and December 31, 2008 reasonable;
- (2) Find that the updated \$184.4 million (100% share, 2008\$) SONGS 1 decommissioning cost estimate for the Remaining Work is reasonable; and
- (3) Find the updated \$3,658.8 million (100% share, 2008\$) SONGS 2 & 3 decommissioning cost estimate reasonable.

In addition, SCE requests the Commission:

- (1) Find the updated \$708.7 million (SCE share, 2007\$) Palo Verde decommissioning cost estimate reasonable; and
- (2) Authorize rate recovery of its increased contribution of \$66.4 million to its Nuclear Decommissioning Trust Funds for SONGS Units 2 & 3 and for Palo Verde Nuclear Generating Station Units 1, 2, & 3 (Palo Verde) through the Nuclear Decommissioning Cost Charge.<sup>3</sup>

In addition to the foregoing, SDG&E further requests the Commission:

- (1) Enter a finding that the updated estimate of SDG&E's ratable share of the decommissioning costs for SONGS Units 2 & 3 of \$731.8 million (2008\$) is reasonable;
- (2) Authorize a revenue requirement for SDG&E's annual contribution to its Nuclear Decommissioning Trust Fund for SONGS Units 2 & 3 in the amount of \$15.284 million, effective May 1, 2010. Notwithstanding the proposed change in revenue requirement, SDG&E is not seeking to increase rates in this Application. SDG&E proposes and requests approval to (a) omit any rate impacts from the increase in the nuclear decommissioning revenue requirement in 2010 and utilize the

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<sup>3</sup> SCE requests its contribution be set at a \$66.4 million annual revenue requirement, commencing January 1, 2011. Pursuant to SCE's March 24, 2008 letter to Paul Clanon, Executive Director of the California Public Utilities Commission, requesting an extension to file its NDCTP application on April 3, 2009, SCE informed the Commission that any resulting rate change from its application would be effective on January 1, 2011. On April 29, 2008, the Commission approved SCE's request.

overcollection in its Nuclear Decommissioning Adjustment Mechanism (NDAM) balancing account, forecasted to be \$2.336 million for the period ending December 31, 2009, to offset the revenue requirement increase in 2010 partially, and (b) address the resulting net balance in the NDAM balancing account as part of SDG&E's annual electric regulatory account update advice filing filed in October of each year for rate effective January 1 of the following year.<sup>4</sup> In addition, SDG&E intends to utilize overcollections in other balancing accounts (e.g., the Transition Cost Balancing Account) or offset any nuclear-decommissioning rate change with revenues from other regulatory accounts;

(3) Find that SDG&E may reasonably rely upon SCE, as the majority owner of and exclusive operating and decommissioning agent for SONGS Units 1, 2, and 3, to make those reasonable efforts to retain and utilize sufficient qualified and experienced personnel to pursue any decommissioning-related activities for the nuclear generation facilities under their control effectively, safely, and efficiently, as required by the Commission in its Decision 07-01-003, subject to the proviso that SDG&E shall review and provide such advice and consent to SCE as may be necessary and appropriate to the interests of SDG&E as a minority owner and/or on behalf of the interests of SDG&E's retail electric customers;

(4) Find that SDG&E may reasonably rely upon SCE, as the majority owner of and exclusive operating and decommissioning agent for SONGS Units 1, 2, and 3, to make those reasonable efforts to forecast the costs of low-level radioactive waste storage conservatively, as required by the Commission in its Decision 07-01-003, subject to the proviso that SDG&E shall review and provide such advice and consent to SCE as may be necessary and appropriate to the interests of SDG&E as a minority owner and/or on behalf of the interests of SDG&E's retail electric customers;

(5) Find that SDG&E may reasonably rely upon SCE, as the majority owner of and exclusive operating and decommissioning agent for SONGS Units 1, 2, and 3, to make all reasonable efforts to establish an appropriate contingency factor for inclusion in the decommissioning revenue requirements, as required by the Commission in its Decision 07-01-003, subject to the proviso that SDG&E shall

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<sup>4</sup> In the event the Commission authorizes an increase in the level of annual contributions to SDG&E's nuclear decommissioning trusts but does not permit SDG&E to defer any changes in rates to those years beyond 2010, an appropriate allowance for franchise fees and uncollectibles should be added to the annual revenue requirement approved for and billed in 2010.

review and provide such advice and consent to SCE as may be necessary and appropriate to the interests of SDG&E as a minority owner and/or on behalf of the interests of SDG&E's retail electric customers; and,

(6) Find that the transfer of funds from the non-qualified trust fund for the decommissioning of SONGS Unit 1 to the qualified trust funds for the decommissioning of SONGS Units 2 & 3 should not be required at the present time due to:

(a) the uncertainties associated with determining the actual and final reasonable costs for the decommissioning activities related to SONGS Unit 1;

(b) the uncertainties associated with determining whether the actual return on investments will be sufficient to increase total fund assets to an amount no less than the actual and final reasonable costs for the decommissioning activities related to SONGS Unit 1; and

(c) the absence of any exigencies or circumstances that would either require the transfer of funds from the non-qualified and/or qualified trust funds for the decommissioning of SONGS Unit 1 to the qualified trust funds for the decommissioning of SONGS Units 2 & 3 at this time or that would preclude such a transfer at a more appropriate and later date when the aforementioned uncertainties would be more largely and likely resolved.

One "purpose of these [NDCTP] proceedings is to establish just and reasonable rates to adequately fund the nuclear decommissioning trusts in place for the benefit and protection of ratepayers."<sup>5</sup> The Commission is charged with verifying that the Utilities "are in compliance with all prior decisions applicable to decommissioning."<sup>6</sup> Finally, these proceedings determine whether the costs expended to-date to decommission SONGS Unit 1 . . . were reasonable and prudent."<sup>7</sup> SCE owns an 80% interest in SONGS 1 and a 78.21% interest in SONGS 2 & 3, and is the decommissioning agent

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<sup>5</sup> D.07-01-003, Scope and Issues, Order Paragraph Nos. 6-8, (*mimeo*), pp. 6-7.

<sup>6</sup> *Id.* at 7.

<sup>7</sup> *Id.*

and operating agent for these respective facilities.<sup>8</sup> SDG&E owns 20% interests in SONGS 1, 2, and 3. SCE also owns a 15.8% interest in Palo Verde.<sup>9</sup> Both Utilities have previously submitted decommissioning cost studies and ratepayer contribution analyses for nuclear decommissioning costs at SONGS and Palo Verde.<sup>10</sup> This Joint Application likewise submits updated decommissioning cost studies and ratepayer contribution analyses for nuclear decommissioning contributions for SONGS and Palo Verde for the next three years.

Another purpose of this NDCTP is to compare “completed SONGS 1 Decommissioning Work to date, and costs incurred, to the previously submitted SONGS 1 Decommissioning Cost Estimate,” and to determine the reasonableness of the costs for completed work.<sup>11</sup> As this Commission stated in its most recent Final Order in the 2005 NDCTP Proceeding, “with respect to Phase 1 SONGS 1 decommissioning work, the Commission in D.99-06-007 adopted a ratemaking settlement that included a presumption that the utilities’ conduct is reasonable in performing Phase 1 SONGS 1 decommissioning work if the scope of the work completed and the most recently approved SONGS 1 decommissioning cost estimate bound the costs incurred.”<sup>12</sup> If the actual costs incurred are within the estimate, “any entity claiming the utilities acted unreasonably would, therefore, bear the burden of proving the utilities acted unreasonably.”<sup>13</sup>

Finally, this Joint Application is made to ensure compliance with requirements to decommission the SONGS and Palo Verde facilities and with the Nuclear Facilities Decommissioning Act. As holders

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<sup>8</sup> See Section III., *infra*, discussing change in SCE’s ownership interest. In its previous NDCTP filing, SCE’s ownership interest in SONGS 2 & 3 was 75.05%. The transfer of Anaheim’s share of SONGS Units 2 & 3 to SCE was completed on December 29, 2006. See D.06-11-025, Ordering Paragraph No. 1, p. 16.

<sup>9</sup> Arizona Public Service Company owns a 29.10% interest in Palo Verde, and is the operating agent. The remaining non-operating owners are: Salt River Project (17.49%), El Paso Electric Company (15.80%), Public Service Company of New Mexico (10.20%), The Southern California Public Power Authority (5.91%), and Los Angeles Department of Water and Power (5.7%).

<sup>10</sup> See 60 C.P.U.C. 2d 658, 671 (1995) (“[E]ngineering cost studies and ratepayer contribution analysis should continue to be performed every three years. . . .”).

<sup>11</sup> D.99-06-007 at pp. 6-7, Settlement Agreement Section 4.2.2.2. D.99-06-007 on the Utilities’ 1998 NDCTP filing authorized the Utilities to commence decommissioning of the permanently closed SONGS 1.

<sup>12</sup> D. 07-01-003, Standards of Review, (*mimeo*) pp. 7-8, *citing* Settlement § 4.2.2.2.c. at 86 C.P.U.C. 2d 604, 620 (1999).

<sup>13</sup> *Id.*

of the Nuclear Regulatory Commission (NRC) license, the Utilities, on behalf of their customers, have an unavoidable obligation, under federal regulation, to decommission the SONGS facilities.<sup>14</sup> The Utilities’ customers are required to provide funding to decommission SONGS.<sup>15</sup> The Utilities do not own the site upon which the SONGS facilities are located. Instead, they are authorized to use the site under grants of easement and leases from the U.S. Department of the Navy and the California State Lands Commission. The SONGS site lease contracts and grants of easement also require the Utilities to decommission the SONGS facility.<sup>16</sup>

As one of the holders of the NRC license for Palo Verde, SCE, on behalf of its customers, also has an unavoidable obligation, under federal regulation, to decommission its share of Palo Verde.<sup>17</sup> SCE’s customers are required to provide funding to decommission SCE’s share of Palo Verde.<sup>18</sup> The Nuclear Facility Decommissioning Act of 1985, Public Utilities Code Section 8321 et seq., requires the Commission to authorize the Utilities “to collect sufficient revenues and rates to make the maximum contributions” to the decommissioning trust funds, to the maximum extent deductible for federal and state income tax purposes pursuant to Internal Revenue Code Section 468A and applicable regulations, “and to otherwise recover the revenue requirements associated with reasonable and prudent decommissioning costs of the nuclear facilities for purposes of making contributions into other funds established” pursuant to the Act.<sup>19</sup>

The Energy Policy Act of 2005 amended section 468A to allow all nuclear decommissioning liability to be funded through the use of Qualified Trusts. As more fully explained in the attached

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<sup>14</sup> 10 C.F.R. § 50.2 defines decommissioning as “to remove a facility or site safely from service and reduce residual radioactivity to a level that permits – (1) release of the property for unrestricted use and termination of the license . . . .” 10 C.F.R. § 50.82(a)(3) provides that, “decommissioning will be completed within sixty years of permanent cessation of operations.”

<sup>15</sup> Public Utilities Code §§ 8322 and 8325.

<sup>16</sup> Upon termination of the grants of easement, the utilities are required to remove all improvements they installed or constructed on the site, return the site to the condition satisfactory to the grantors, and return the site to the grantors.

<sup>17</sup> 10 C.F.R. 50.2 defines decommissioning as “to remove a facility or site safely from service and reduce residual radioactivity to a level that permits - - (1) release of the property for unrestricted use and termination of the license . . . .” 10 C.F.R. 50.82(a)(3) provides that, “decommissioning will be completed within sixty years of permanent cessation of operations . . . .”

<sup>18</sup> Public Utilities Code §§ 8322 and 8325.

<sup>19</sup> Cal. Pub. Util. Code § 8325(c).

testimony,<sup>20</sup> in their previous filing, the Utilities requested and received approval from the Commission to amend their trust agreements for such fund transfers as provided for by section 468A.<sup>21</sup> The requests were contingent on seeking permission from the Internal Revenue Service for such transfer, and ensuring that such transfers comport with California state law. As of the date of this filing, the Utilities are not aware of any California legislation nor changes in the regulations issued by the State Franchise Tax Board accepting and reflecting the amendments to the Federal Internal Revenue Code adopted as part of the Energy Policy Act of 2005. As a result, the Utilities have not transferred funds from Nonqualified Trusts to their Qualified Trusts. The Utilities will continue to monitor California legislative and regulatory actions for any developments associated with incorporating the Energy Policy Act of 2005 into applicable provisions of California revenue and taxation rules.

## II.

### **THE TRANSFER OF THE CITY OF ANAHEIM'S SHARE OF SONGS 2 & 3 TO SCE WILL INCREASE SCE'S SHARE OF THE SONGS 2 & 3 DECOMMISSIONING LIABILITY, AND SCE'S CORRESPONDING REVENUE REQUIREMENT**

SCE owns a 78.21% interest in SONGS 2 & 3, and is the decommissioning agent and operating agent for both units. At the time of its 2005 triennial filing, SCE's ownership interest in SONGS 2 & 3 was 75.05%. Since that time, the Commission, in D.06-11-025, approved SCE's acquisition of Anaheim's ownership share of 3.16% in SONGS Units 2 & 3. This decision also provided that Anaheim would retain its decommissioning trust fund and a reduced portion of the decommissioning liability based on a pro-rata portion of the remaining life of SONGS 2 & 3. Anaheim's decommissioning liability was set at 1.91% for SONGS Unit 2 and 1.86% for SONGS Unit 3. Therefore, SCE's decommissioning liability for SONGS Unit 2 is 76.30% and 76.35% for SONGS Unit 3. The City of Riverside owns the remaining 1.79% decommissioning liability for SONGS SONGS 2 & 3, consistent with its 1.79% ownership interest in the units.

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<sup>20</sup> Exhibit No. SCE-1 (A. Lopez).

<sup>21</sup> D. 07-01-003, Ordering Paragraph Nos. 1-2, (*mimeo*) p. 32 approved the Utilities' settlement in the 2005 NDCTP proceeding.

### III.

#### **THE UTILITIES REQUEST APPROVAL OF THEIR PROPOSED CONTRIBUTION LEVELS TO THEIR RESPECTIVE DECOMMISSIONING TRUST FUNDS**

The Utilities used four key elements to determine their proposed decommissioning funds contribution requirements: (1) decommissioning cost studies, (2) escalation projections, (3) estimates of after-tax rates of return, and (4) current decommissioning trust balances. In developing their decommissioning cost studies, the Utilities assumed that SONGS 2 & 3 would be decommissioned using the prompt removal/dismantling method after each of the NRC operating licenses expire. SCE assumed that Palo Verde would be decommissioned using the same method after each unit's NRC operating license expires. The prompt removal/dismantling method proceeds with decontamination, dismantling, and removal of the plant with no dormancy period in which the unit is placed in protective storage. The decommissioning cost studies assumed that the permanently closed SONGS 1 would continue to be decommissioned. The 2005 SONGS 1, SONGS 2 & 3, and Palo Verde decommissioning costs estimates were based on the use of current technologies under current regulations. The cost estimates are sufficient to develop a reasonable estimate of the scope and cost of future work in order to set aside sufficient funds. SONGS 1 was permanently closed in 1992 and, as authorized in D.99-06-007, the Utilities commenced decommissioning SONGS 1 in 1999. Using the most recent decommissioning cost estimate for SONGS 1, and in comparison to the SONGS 1 trust funds balances plus the non-qualified trust fund tax benefits, no further contributions to those funds are needed. However, the Utilities request authorization to continue to recover an annual revenue requirement for contributions to their Nuclear Decommissioning Trust Funds for SONGS 2 & 3. SCE also requests authority to continue to recover annual contributions to its Palo Verde Nuclear Decommissioning Trust Funds.

#### **A. No Further Contributions To SONGS 1 Decommissioning Trust Funds Are Needed**

As shown in Table III-1 below, SCE's and SDG&E's SONGS 1 Decommissioning Trust Funds, plus the tax benefits associated with the SCE and SDG&E Nonqualified Trusts for SONGS 1, contain sufficient monies to complete SONGS 1 decommissioning activities based on the 2008 SONGS 1 Cost

Estimate for the Remaining Decommissioning Work of \$184.4 million (100% share, 2008\$) provided in this Joint Application.

**Table III-1**  
**SONGS 1 Decommissioning Trust Funds**  
(2008\$ millions)

Company	Current Decommissioning Trust Funds Available as of December 31, 2008 Plus Estimated Tax Benefits <sup>22</sup>	Estimated Cost of Remaining SONGS 1 Decommissioning Work	Difference
SCE	185.3	147.5	37.8
SDG&E	88.2	36.9	51.1

However, the Utilities should be authorized to continue to use the tax benefits associated with the expenditures of the SONGS 1 Non-qualified Decommissioning Trust Funds to ensure that all SONGS 1 decommissioning costs can be paid out of existing monies.<sup>23</sup>

**B. The Commission Should Authorize SCE To Contribute \$64.537 Million And SDG&E To Contribute \$15.284 Million Each Year To Their Nuclear Decommissioning Trust Funds**

The 2008 SONGS 2 & 3 Decommissioning Cost Estimate increased by \$124.5 million (100% share, 2008\$) over the 2005 SONGS 2 & 3 Decommissioning Cost Estimate of \$3,534.3 million (100% share, 2008\$) adopted in the 2005 NDCTP. The increased cost estimate is primarily due to increases in the estimate costs for staffing and an increase in the estimated volume of low-level radioactive waste, as described in Exhibit No. SCE-2. Similarly, SCE’s 2008 Palo Verde Decommissioning Cost Estimate decreased by \$52.295 million (SCE share, 2007\$), or approximately 7%, below SCE’s 2004 Palo Verde Decommissioning Cost Estimate adopted in the 2005 NDCTP. The decreased cost estimate is primarily

<sup>22</sup> See Exhibit No. SCE-1, Footnote 4.

<sup>23</sup> In Section 4.2.3 of the Settlement Agreement adopted in D.99-06-007, the settling parties proposed that, “Upon completion of Phase I, [Applicants] will assess the remaining SONGS 1 Decommissioning Work and recommend to the Commission the appropriate timing for returning the Nonqualified Trust Fund Tax Benefits to ratepayers.” As described in Exhibit No. SCE-1, SCE will need the non-qualified tax benefits to complete SONGS 1 Decommissioning based on the 2005 SONGS 1 Cost Estimate for the Remaining Decommissioning Work, fund growth, and escalation.

due to experience gained in the decommissioning process of SONGS 1, changed assumptions regarding onsite dry storage of spent fuel, and an updated contingency factor, as described in Exhibit No. SCE-2.

To estimate the contributions needed to fund the decommissioning of SONGS 2 & 3 and Palo Verde fully, annual escalation rate projections were used to convert the decommissioning cost estimates in base-year dollars to decommissioning cost estimates in future-year dollars. Escalation rates were based on projections from IHS Global Insight, a highly respected economic forecasting firm that the Commission has relied upon for many years. Similarly, SCE derived estimated trust fund asset returns from projections by IHS Global Insight. SCE calculated its estimated annual contribution and revenue requirement based on these projections and other data, as explained in Exhibit Utilities-3. SCE's contribution and revenue requirement should be revised at the time of briefing, based on updated trust fund balances at that time.

With respect to SDG&E, SDG&E determined the annual contributions to its Nuclear Decommissioning Trust Funds for SONGS Units 2 & 3 based upon: (a) the Decommissioning Cost Estimate prepared for SCE in February 2009 by ABZ, Incorporated; (b) forecasts of expected investment returns provided by Global Insight; (c) expected cost escalation rates provided by SCE; and, (d) the trust account balances as of January 31, 2009. Pursuant to the agreements under which SDG&E owns its twenty percent (20%) interest in SONGS Units 2 & 3, SDG&E assumed that it would be responsible for twenty percent (20%) of the costs of decommissioning the units as determined using the sources and methodology described above. The level of annual contributions required to fund the fully escalated costs of plant decommissioning allocable to SDG&E was then determined taking into account assumptions regarding the reasonably achievable rates of return that might be generated from the various investments made by SDG&E's Nuclear Decommissioning Trust Funds across the period 2009 through 2022. This is the same methodology SDG&E has used for determining annual contributions to its Nuclear Decommissioning Trust Funds in prior Commission proceedings.

Assumptions regarding the rates of return that can be generated from the investments and assets held by the trust funds is a critical factor in setting the level of annual contributions necessary to assure full funding of the costs of plant decommissioning. An assumption that trust assets will yield relatively

higher returns during the life of the trust funds than estimated in this application will reduce the annual contributions and present-day revenue requirements necessary to support the full costs of decommissioning the SONGS site, all other things remaining equal. Conversely, an assumption that the trust assets will yield relatively lower returns during the life of the trust funds than estimated in this application will increase the annual contributions and present-day revenue requirements necessary to support the full costs of decommissioning the SONGS site, all other things remaining equal.

Assumptions regarding the reasonably achievable rates of return that could be experienced by the trust funds across the investment horizon are obviously affected by the nature of the investments made by and assets held by the trust funds. In selecting these investments and assets, an appropriate balance must be struck between the potential returns that could be achieved by any specific investments and the risks associated with those same investments.

Under the currently effective guidelines regarding assets and asset allocations allowed within the trust, SDG&E determined that the reasonably achievable post-fee, after-tax rate of return that may be experienced within its Nuclear Decommissioning Trust Funds for SONGS Units 2 & 3 would be approximately 5.3 percent and 5.2 percent for the Qualified and Non-Qualified Trust Accounts, respectively. This assumption was used in setting the annual contributions rate for the trust funds at \$15.284 million per year for the next triennial period.

Finally, for ratemaking purposes, SDG&E (a) assumed the change in the annual contributions revenue requirement would be effective on May 1, 2010, (b) reflected a revenue requirement of \$0.948 million<sup>24</sup> related to the costs of spent nuclear fuel storage and an additional \$0.011 million for the allowance for applicable franchise fees and uncollectibles related to this portion of the revenue requirement, (c) deferred the impact of the revenue requirement increase to customer rates in 2010 to later years,<sup>25</sup> and (d) for the years following 2010, proposes to address any resulting net balance in the

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<sup>24</sup> This figure is shown in 2008\$ and is subject to escalation in the rate year during which the underlying costs are recovered.

<sup>25</sup> As noted previously, in the event the Commission authorizes an increase in the level of annual contributions to SDG&E's nuclear decommissioning trusts but does not permit SDG&E to defer any changes in rates to those years beyond 2010, an appropriate allowance for franchise fees and uncollectibles should be added to the annual revenue requirement approved for and billed in 2010.

NDAM as part of SDG&E's annual electric regulatory account update advice filing filed in October of each year for rates effective January 1 of the following year. SDG&E submits that its ratemaking proposal will serve the approved purposes of its NDAM and, as determined using the methods described in this application and in its testimony, results in just and reasonable rates.

#### IV.

#### **THE UTILITIES REQUEST THE COMMISSION TO DETERMINE THAT \$207.2 MILLION SPENT ON SONGS 1 DECOMMISSIONING WORK COMPLETED BETWEEN JULY 1, 2005 AND DECEMBER 31, 2008 WAS REASONABLE AND PRUDENT**

D.99-06-007 authorized the Utilities to commence decommissioning SONGS 1 in 1999.<sup>26</sup> D.99-06-007 further adopted a Settlement Agreement authorizing the Utilities to include in future NDCTP applications a comparison of completed SONGS 1 decommissioning work to date, and the costs incurred, to the previously submitted SONGS 1 decommissioning cost estimate:

A comparison of completed SONGS 1 decommissioning work to date and the costs incurred, to the previously submitted SONGS 1 decommission cost estimate. If the scope of SONGS 1 decommissioning work completed and costs incurred to date are bounded by the most recently approved SONGS 1 decommissioning cost estimate, the utilities' conduct would be presumed reasonable. Any entity claiming the utilities acted unreasonably would, therefore, bear the burden of proving the utilities acted unreasonably. The utilities will be responsible for proving that material variances from the most recently approved SONGS 1 decommissioning cost estimate are reasonable.<sup>27</sup>

In Exhibit No. SCE-1, the Utilities demonstrate that the \$207.2 million (100% share, 2008\$,) cost of the SONGS 1 decommissioning work completed as of December 31, 2008 was within the \$221.3 million (100% share, 2008\$,) for that work scope in the SONGS 1 Decommissioning Cost Estimate that the Commission approved in D. 07-01-003. Therefore, the Utilities' conduct should be presumed reasonable. Moreover, the Commission should find that the \$207.2 million cost of the SONGS 1 decommissioning work completed as of December 31, 2008 was reasonable.

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<sup>26</sup> D.99-06-007, Summary, (*mimeo*), p. 2.

<sup>27</sup> D.99-06-007, Ordering Paragraph No. 1, (*mimeo*), p. 25, adopting Settlement Agreement, p. 7, Section 4.2.2.2.

## V.

### THE UTILITIES' SHARES OF ANY DAMAGES RECOVERED FROM THE U.S. DEPARTMENT OF ENERGY ARISING FROM THE SPENT FUEL LITIGATION, LESS LITIGATION COSTS, WILL BE DISPOSED OF IN A SUBSEQUENT PROCEEDING

Under federal law, the Department of Energy (“DOE”) is responsible for the selection and construction of a facility for the permanent disposal of spent nuclear fuel and high-level radioactive waste. The DOE did not meet its contractual obligation to begin acceptance of spent nuclear fuel by January 31, 1998, and it is not certain when the DOE will begin accepting spent nuclear fuel from SONGS or other nuclear power plants. Extended delays by the DOE have led to the construction of costly alternatives and associated siting and environmental issues.

SCE, as operating agent, filed a complaint against the DOE in the United States Court of Federal Claims seeking damages for the DOE’s failure to meet its obligation to begin accepting spent nuclear fuel from SONGS.<sup>28</sup> SCE seeks an award of \$146 million for the period prior to December 31, 2005, and the trial is currently scheduled for April 20 – 28, 2009. It is impossible to predict the outcome of the case or when SCE will be awarded damages, given that SCE has no control of when the trial court will issue its decision and whether any party will file an appeal. However, even if there are appeals, it is possible that SCE will receive damages in 2011.

Pursuant to SCE Advice Letter No. 2085-E, effective March 15, 2007,<sup>29</sup> and SCE’s Commission-approved Preliminary Statement Section N.42, SCE has been recording its incremental litigation costs in the Department of Energy Litigation Memorandum Account (“DOELMA”). SCE will also be recording in the DOELMA any damages received by SCE from the federal government as a result of the complaint. Pursuant to the advice letter and preliminary statement, SCE will file an application at a future date regarding its proposed disposition of any net amounts recorded in the memo account.

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<sup>28</sup> Southern California Edison Company v. United States of America, Case No. 04-109C, in the United States Court of Federal Claims.

<sup>29</sup> The CPUC approved Advice Letter No. 2085-E in the March 21, 2007 letter from Sean Gallagher of the CPUC’s Energy Division to SCE.

## VI.

### **IT IS PREMATURE TO TRANSFER ANY REMAINING SONGS 1 DECOMMISSIONING FUNDS OT THE SONGS 2 & 3 DECOMMISSIONING TRUSTS**

Section 4.2 of the Settlement Agreement for Nuclear Decommissioning, which was approved by the Commission in Decision No. 07-01-003, provides that SCE and SDG&E will address in this application whether there are any existing SONGS 1 decommissioning trust funds that are not anticipated to be needed and whether any such funds should be transferred to the SONGS 2 and 3 Decommissioning Trusts.

It is premature to determine whether any portion of the SONGS 1 decommissioning trust fund balances will not be required to fund the full and final costs of decommissioning SONGS Unit 1. As indicated in the testimony of SCE witness Dr. Hunt in Exhibit No. Utilities-3, SONGS-1 decommissioning activity is not projected to be completed until year 2053, and the final decommissioning cost of SONGS 1 is characterized by substantial uncertainty. SCE witness Jorge Morales in Exhibit No. SCE-1, Section IV.B indicates that there is tremendous uncertainty regarding spent fuel disposal, as well as final site restoration, that will impact final decommissioning costs of SONGS 1. Therefore, SCE and SDG&E do not propose the transfer or commitment of any SONGS 1 decommissioning funds to the SONGS 2 & 3 decommissioning trusts or activities.

## VII.

### **COMMISSION DIRECTIONS FROM DECISION NO. 07-01-003**

In the immediately previous proceeding related to the funding of SDG&E's Nuclear Decommissioning Trust Funds (see Joint Application of SCE and SDG&E, docketed as Commission Application No. 05-11-008), the Commission directed SDG&E, SCE, and Pacific Gas and Electric (PG&E) to address, as part of their next application, three matters affecting the cost estimates for the decommissioning of the nuclear generation facilities they own. Specifically, the utilities were to describe: (1) their efforts associated with retaining and utilizing qualified and experienced personnel to perform decommissioning activities, (2) the manner in which they forecasted storage costs for low-level

radioactive wastes, and (3) the manner in which they determined an appropriate contingency factor to be included in setting the funding levels necessary to support decommissioning activities fully.

With respect to the three above matters, SDG&E is in a unique position relative to SCE and PG&E. SCE is the majority owner and the exclusive operating and decommissioning agent for the SONGS units. As a result, SDG&E has a subordinate role relative to SCE with respect to the operation and decommissioning of the SONGS units. To be certain, SDG&E actively monitors and confers with SCE regarding the operation of the SONGS units, paying particular attention to the aspects and implications of those decisions that directly or indirectly affect SDG&E's interests as a minority owner and/or the interests of SDG&E's retail electric customers. With respect to the three matters raised by the Commission, SDG&E intends to conduct itself in accordance with its traditional role as described above and in its testimony.

Essentially, SDG&E will rely on SCE as the decommissioning agent for the SONGS units to lead the efforts in securing the services of qualified and experienced personnel to perform decommissioning activities at the SONGS site, in making the original forecasts of the costs of storing low-level radioactive wastes generated at the SONGS site, and in determining the appropriate contingency factor that should be reflected in estimating the costs for decommissioning activities for the SONGS units. At this time, SDG&E does not plan to perform any of these activities independently from the efforts being led by SCE; this avoids the need for SDG&E to incur duplicative costs and wasted effort were it to follow a different approach. Relying on SCE in these instances is reasonable and prudent on SDG&E's part, not only because of the relative ownership positions held in the SONGS units as between the two companies, but in light of the broader experience SCE gains from its additional ownership position in the Palo Verde Nuclear Generating Station.

Notwithstanding this deference to SCE's leadership role, SDG&E fully intends to be consulted with respect to these matters, and was in fact consulted with respect to these matters as they are reflected in this application. Following our review of the estimate of the costs of plant decommissioning provided by ABZ as well as SCE's efforts, analysis and conclusions, SDG&E provided SCE with its advice and

consent as appropriate and concurs in the analysis and conclusions presented to the Commission in the instant application with respect to the three issues taken from the Commission's previous orders.

## **VIII.**

### **STATUTORY AND PROCEDURAL REQUIREMENTS**

#### **A. Statutory Authority**

This Joint Application is made in compliance with Decision Nos. 95-07-055 and 07-01-003, as modified by the filing date set in the Executive Director's letter dated April 29, 2008 to SCE and SDG&E. In addition, this request complies with the Commission's Rules of Practice and Procedure (Commission Rule), and prior decisions, orders and resolutions of this Commission.

#### **B. Compliance With Commission Rule Of Practice And Procedure 2.1**

Commission Rule 2.1 requires that "[a]ll applications shall state clearly and concisely the authorization or relief sought; shall cite by appropriate reference the statutory provision or other authority under which Commission authorization or relief is sought, shall be verified by at least one applicant . . . ; and . . . shall state the following: (a) [applicant information]; (b) [applicant service information]; (c) The proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule. . . .; (d) Such additional information as may be required by the Commission in a particular proceeding." California Public Utilities Code § 1701.1(c)(3) defines ratesetting as "cases in which rates are established for a specific company, including, but not limited to, general rate cases, performance-based ratemaking, and other ratesetting mechanisms." SCE and SDG&E propose this application be designated as a "ratesetting" proceeding.

The need for hearings will depend on the degree to which other parties contest the proposals contained herein. Assuming hearings will be necessary in this proceeding, the Utilities have prepared a proposed procedural schedule, as shown below:

**Table VIII-2**  
**Nuclear Decommissioning Joint Application**

Date	Event
4/03/09	Joint Application filed
5/13/09	Prehearing conference
6/12/09	Intervenor testimony due
7/07/09	Rebuttal testimony due
8/03/09 – 8/07/09	Evidentiary hearings
9/04/09	Opening briefs due
9/18/09	Update filing on Decommissioning Trust Balances
9/18/09	Reply briefs due
11/25/09	Proposed decision issued
12/15/09	Comments on proposed decision due
12/21/09	Reply comments on proposed decision due
January 2010	CPUC final decision

The issues to be considered in this application concern: (1) the reasonableness of the Utilities’ decommissioning cost estimate for SONGS 2 & 3 and of SCE’s decommissioning cost estimate for Palo Verde; (2) the Utilities’ rate recovery of their contributions to their Decommissioning Trust Funds for SONGS 2 & 3 and of SCE’s contributions to its Decommissioning Trust Funds for Palo Verde; and (3) the reasonableness of the Utilities’ \$207.2 million (100% share, 2008 dollars) cost of SONGS 1 Decommissioning Work performed from July 1, 2005 through December 31, 2008.

**C. Legal Name And Correspondence**

**1. SCE**

SCE is a public utility organized and existing under the laws of the State of California. The location of SCE’s principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770. Correspondence or communications regarding this application should be addressed to:

Gloria M. Ing  
Senior Attorney  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-1999  
Facsimile: (626) 302-1935  
E-mail: [gloria.ing@sce.com](mailto:gloria.ing@sce.com)

Angelica Morales  
Attorney  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6160  
Facsimile: (626) 302-3990  
E-mail: [angelica.morales@sce.com](mailto:angelica.morales@sce.com)

To request a copy of this application, please contact:

Raquel Ippoliti  
Southern California Edison Company  
P. O. Box 800  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6699  
Facsimile: (626) 302-3119

**2. SDG&E**

SDG&E is a public utility organized and existing under the laws of the State of California. The location of SDG&E's principal place of business is 8306 Century Park Court, San Diego, California 92123. Correspondence or communications regarding this application should be addressed to:

James F. Walsh  
Alvin S. Pak  
Attorneys for San Diego Gas & Electric Co.  
101 Ash Street  
San Diego, CA 92101-3017  
Telephone: (619) 696-2190  
Facsimile: (619) 699-5027  
Email: [Apak@Sempra.com](mailto:Apak@Sempra.com)

To request a copy of this application, please contact:

Wendy Keilani  
Regulatory Affairs Project Manager for  
San Diego Gas & Electric Company  
8330 Century Park Court  
Mail Location: CP32B  
San Diego, CA 92123-1530  
Telephone: (858) 654-1185  
Facsimile: (858) 654-1788  
E-mail: wkeilani@semprautilities.com

**D. Articles Of Incorporation**

**1. SCE**

A copy of SCE's Restated Articles of Incorporation, effective March 2, 2006 and presently in effect, and certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020<sup>30</sup> and is incorporated herein by reference pursuant to Commission Rule 2.2.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated April 5, 2006, pursuant to General Order Nos. 65-A and 104-A of the Commission.

**2. SDG&E**

SDG&E is a corporation duly created under the laws of the State of California. A certified copy of the Restated Articles of Incorporation of San Diego Gas & Electric Company presently in effect and certified by the California Secretary of State was filed with the Commission on December 4, 1997, in connection with SDG&E's Application No. 97-12-012 and is incorporated herein by reference.

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<sup>30</sup> A.06-03-020, filed March 14, 2006, for approval of early transfer of Anaheim's share of SONGS 2 & 3 to SCE.

**E. CEQA Compliance**

Rule 2.4(c) states that any application for authority to undertake a project that is statutorily or categorically exempt from CEQA requirements shall so state, with citation to the relevant authority. CEQA does not apply to this application. Public Resources Code section 21080(b)(8) states that CEQA does not apply to the “establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies.”

**F. Authority to Increase Rates – Rule 3.2**

Rule 3.2 requires that applications for authority to increase rates, or to implement changes that would result in increased rates, contain the following data.

**1. Balance Sheet and Income Statement – Rule 3.2(a)(1)**

Appendices A and B to this application contain copies of SCE and SDG&E’s balance sheets as of December 31, 2009, and income statement for the period ended December 31, 2008, the most recent period available.

**2. Present and Proposed Rates – Rule 3.2(a)(2) and (a)(3)**

The cost-recovery mechanism proposal and the projected impact on rates are summarized below.

a) SCE

SCE is requesting to update its SONGS 2 & 3 and Palo Verde Nuclear Decommissioning Trust Fund Revenue Requirement from \$46.4 million to \$66.4 million, an increase of 43 percent annually beginning January 1, 2011, when compared to total system revenues at present rates (as of December 2008). The attached Appendix G is a copy of SCE’s Notification of Application to Increase Electric Rates (Bill Insert). SCE received approval of the draft Bill Insert from the Commission’s Public Advisor’s Office on April 1, 2009.

b) SDG&E

SDG&E requests approval of an annual revenue requirement for contributions to its SONGS Units 2 & 3 Nuclear Decommissioning Trust Funds in the amount of \$15.284 million, and of an additional \$0.959 million<sup>31</sup> to reflect the previously approved costs of spent nuclear fuel storage, inclusive of an allowance of applicable franchise fees and uncollectibles, for a total annual revenue requirement of \$16.243 million. SDG&E does not to adjust rates during 2010 in this Application. For the years following 2010, SDG&E proposes to offset the increase in the NDAM revenue requirement with existing and future overcollections or revenues from other applicable balancing accounts, as determined in its annual electric regulatory account update advice filing in October of each year. If this increase were not authorized to be offset by other overcollections and/or revenues, the rates resulting from this application would represent an increase of 0.17 percent when compared to total system revenues at those authorized rates effective on or about April 3, 2009.<sup>32</sup> In compliance with Rule 3.2, the attached Appendix H is a copy of SDG&E's Notification of Application to Increase Electric Rates (Bill Insert). SDG&E provided a draft Bill Insert to the Commission's Public Advisor's Office on March 24, 2009.

**3. Description of SCE's Service Territory and Utility System – Rule 3.2(a)(4)**

Because this submittal is not a general rate application, this requirement is not applicable.

**4. Summary of Earnings – Rule 3.2(a)(5)**

Rule 3.2(a)(5) requires:

A summary of earnings (rate of return summary) on a depreciated rate base for the test period or periods upon which applicant bases its justification for an increase.

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<sup>31</sup> This figure is shown in 2008\$ and is subject to escalation in the rate year during which the underlying costs are recovered.

<sup>32</sup> As noted previously, in the event the Commission authorizes an increase in the level of annual contributions to SDG&E's nuclear decommissioning trusts but does not permit SDG&E to defer any changes in rates to those years beyond 2010, an appropriate allowance for franchise fees and uncollectibles should be added to the annual revenue requirement approved for and billed in 2010.

SCE's and SDG&E's 2008 Summary of Earnings are attached hereto as Appendices E and F, respectively.

**5. Depreciation – Rule 3.2(a)(7)**

Because this submittal is not a general rate application, this requirement is not applicable.

**6. Capital Stock and Proxy Statement – Rule 3.2(a)(8)**

Because this submittal is not a general rate application, this requirement is not applicable.

**7. Statement Pursuant to Rule 3.2(a)(10)**

Rule 3.5(a)(10) requires the applicant to state whether its request is limited to passing through to customers “only increased costs to the corporation for the services or commodities furnished by it.” This request is a pass through of costs.

**8. Service of Notice – Rule 3.2(b), (c), and (d)**

A list of the cities and counties affected by the rate changes resulting from this application are attached as Appendix C and D for SCE and SDG&E, respectively.

As provided in Rule 3.2(b) – (d), notice of filing of this application will be: (1) mailed to the appropriate officials of the state and the counties and cities listed in Appendix C and D; (2) published in a newspaper of general circulation in each county in SCE's and SDG&E's service territory within which the rate changes would be effective; and (3) mailed to all customers affected by the proposed changes.

**G. Service List**

In compliance with Resolution E-4227A, SCE is serving this Application and its exhibits on all parties on the Commission's service list for proceedings Decision (D.) 06-05-016, D.07-12-052 and D.08-04-038.

**H. Index Of Exhibits And Appendices To This Application**

SCE and SDG&E hereby incorporate by reference into this Joint Application the following exhibits:

***Table VIII-3***  
**List of Exhibits**

<u>Exhibit No.</u>	<u>Title</u>
SCE-1	Testimony of SONGS 1 Nuclear Decommissioning Work Completed and Remaining Work Scope
SCE-2	Testimony on the Nuclear Decommissioning of SONGS 2 & 3 and Palo Verde
Utilities -3	Testimony on the Nuclear Decommissioning Trust Fund Contribution Levels and Ratemaking

**IX.**

**CONCLUSION**

In this Joint Application, the Utilities request the Commission: (1) to find the \$207.2 million (100% share, 2008\$) cost of San Onofre Nuclear Generating Station (SONGS) Unit 1 Decommissioning Work completed between July 1, 2005 and December 31, 2008 is reasonable; (2) to find the updated \$184.4 million (100% share, 2008\$) SONGS 1 decommissioning cost estimate for the Remaining Work is reasonable; and (3) to find the updated \$3,658.8 million (100% share, 2008\$) SONGS 2 & 3 decommissioning cost estimate is reasonable.

In addition, SCE requests the Commission: (1) to find the updated \$708.7 million (SCE share, 2007\$) Palo Verde decommissioning cost estimate is reasonable; and (2) to authorize rate recovery of its increased contribution of \$75.7 million to its Nuclear Decommissioning Trust Funds for SONGS Units 2

& 3 and for Palo Verde Nuclear Generating Station Units 1, 2, & 3 (Palo Verde) through the Nuclear Decommissioning Cost Charge.<sup>33</sup>

SDG&E requests the Commission authorize or approve: (1) effective May, 1, 2010, a revenue requirement for the annual contributions to the SONGS Units 2 & 3 nuclear decommissioning trust accounts of \$15.284 million, plus the continued recovery of \$0.959 million<sup>34</sup> related to the costs of spent nuclear fuel storage, including an allowance for applicable franchise fees and uncollectibles;<sup>35</sup> (2) that SDG&E may amortize during the period May 1, 2010, through December 31, 2010, the estimated \$2.336 million overcollection estimated as of December 31, 2009, in its NDAM balancing account; (3) that for the years following 2010 SDG&E may address any net balance in the NDAM balancing account as part of SDG&E's annual electric regulatory account update advice filing in October of each year for rates effective January 1 of the following year; and (4) that SDG&E may continue to use the tax benefits associated with deducting SONGS 1 Non-Qualified Trust amounts consistent with Ordering Paragraph No. 9 of Commission D.03-10-015,<sup>36</sup> including any tax benefits that may arise in connection with any transfer of funds from SDG&E's SONGS 1 Non-Qualified Trust to SDG&E's SONGS 1 Qualified Trust as provided for in Internal Revenue Code Section 468A(f) to continue SONGS 1 decommissioning work.

Respectfully submitted,  
SOUTHERN CALIFORNIA EDISON  
COMPANY

Respectfully submitted,  
SAN DIEGO GAS & ELECTRIC COMPANY

By: /s/ Ross T. Ridenoure  
Ross T. Ridenoure, Senior Vice President  
and Chief Nuclear Officer

By: /s/ Lee Schavrien  
Lee Schavrien, Senior Vice President,  
Regulatory & Finance

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<sup>33</sup> SCE requests its contribution be set at a \$66.4 annual revenue requirement, commencing January 1, 2011.

<sup>34</sup> This figure is shown in 2008\$ and is subject to escalation in the rate year during which the underlying costs are recovered.

<sup>35</sup> SDG&E requests its annualized revenue requirement be set at \$16.243 million, commencing May 1, 2010.

<sup>36</sup> Id.

GLORIA M. ING  
ANGELICA M. MORALES

JAMES F. WALSH  
ALVIN S. PAK

By: /s/ Gloria M. Ing  
Gloria M. Ing  
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San Diego, California 92101-3017  
Telephone: (619) 696-2190  
Facsimile: (619) 699-5027  
E-mail: Apak@Sempra.com

Dated: April 3, 2009

**VERIFICATION**

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **3rd day of April, 2009**, at Rosemead, California.

/s/ Ross T. Ridenoure  
\_\_\_\_\_  
Ross T. Ridenoure  
Senior Vice President and Chief Nuclear Officer  
SOUTHERN CALIFORNIA EDISON COMPANY

**VERIFICATION**

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **3rd day of April, 2009**, at San Diego, California.

/s/ Lee Schavrien  
\_\_\_\_\_  
Lee Schavrien  
Senior Vice President, Regulatory & Finance  
SAN DIEGO GAS & ELECTRIC COMPANY

**Appendix A**

**SCE's Balance Sheet And Income Statement**

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME

TWELVE MONTHS ENDED DECEMBER 31, 2008

(Millions of Dollars)

OPERATING REVENUE	<u>\$11,248</u>
OPERATING EXPENSES:	
Fuel	1,400
Purchased power	3,845
Other operation and maintenance expenses	3,013
Depreciation, decommissioning and amortization	1,114
Property and other taxes	232
Gain on sale of assets	(9)
Total operating expenses	<u>9,595</u>
OPERATING INCOME	1,653
Interest income	22
Other nonoperating income	101
Interest expense - net of amounts capitalized	(407)
Other nonoperating deductions	(123)
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	<u>1,246</u>
INCOME TAX EXPENSE	342
MINORITY INTEREST	170
NET INCOME	<u>734</u>
DIVIDENDS ON PREFERRED AND PREFERENCE STOCK - NOT SUBJECT TO MANDATORY REDEMPTION	<u>51</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$683</u></u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET  
DECEMBER 31, 2008

A S S E T S

(Millions of Dollars)

UTILITY PLANT:

Utility plant, at original cost	\$21,825
Less - Accumulated depreciation and decommissioning	<u>(5,570)</u>
	16,255
Construction work in progress	2,454
Nuclear fuel, at amortized cost	<u>260</u>
	<u>18,969</u>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated provision for depreciation of \$765	953
Nuclear decommissioning trusts	2,524
Other Investments	<u>68</u>
	<u>3,545</u>

CURRENT ASSETS:

Cash and equivalents	1,611
Short-term investments	3
Margin and collateral deposits	17
Receivables, including unbilled revenues, less reserves of \$39 for uncollectible accounts	703
Accrued unbilled revenue	328
Inventory	365
Accumulated deferred income taxes - net	147
Derivative assets	157
Regulatory assets	605
Other current assets	<u>266</u>
	<u>4,202</u>

DEFERRED CHARGES:

Regulatory assets	5,414
Derivative assets	74
Other long-term assets	<u>364</u>
	<u>5,852</u>
	<u>\$32,568</u>

APPENDIX A

A-1

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

DECEMBER 31, 2008

CAPITALIZATION AND LIABILITIES

(Millions of Dollars)

CAPITALIZATION:

Common stock	\$2,168
Additional paid-in capital	532
Accumulated other comprehensive loss	(14)
Retained Earnings	<u>3,827</u>
Common shareholder's equity	6,513
Preferred and preference stock not subject to redemption requirements	920
Long-term debt	<u>6,212</u>
	<u>13,645</u>

CURRENT LIABILITIES:

Short-term debt	1,893
Long-term debt due within one year	150
Accounts payable	948
Accrued taxes	340
Accrued interest	153
Counterparty collateral	8
Customer deposits	227
Book overdrafts	224
Derivative liabilities	156
Regulatory liabilities	1,111
Other current liabilities	<u>564</u>
	<u>5,774</u>

DEFERRED CREDITS:

Accumulated deferred income taxes - net	2,918
Accumulated deferred investment tax credits	101
Customer advances	137
Derivative liabilities	738
Accumulated provision for pensions and benefits	2,485
Asset retirement obligations	3,007
Regulatory liabilities	2,481
Other deferred credits and other long-term liabilities	<u>902</u>
	<u>12,769</u>
Minority interest	<u>380</u>
	<u>\$32,568</u>

APPENDIX A

A-2

**Appendix B**

**SDG&E's Balance Sheet And Income Statement**

**SAN DIEGO GAS & ELECTRIC COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
DECEMBER 31, 2008**

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<b>1. UTILITY PLANT</b>		<u>2008</u>
101	UTILITY PLANT IN SERVICE	\$8,800,155,757
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	2,973,017
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	276,187,392
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(4,039,976,970)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(226,452,636)
118	OTHER UTILITY PLANT	631,201,987
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(136,960,666)
120	NUCLEAR FUEL - NET	<u>41,199,368</u>
	 TOTAL NET UTILITY PLANT	 <u>5,348,327,249</u>
 <b>2. OTHER PROPERTY AND INVESTMENTS</b>		
121	NONUTILITY PROPERTY	5,849,836
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(481,512)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	-
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>602,013,834</u>
	 TOTAL OTHER PROPERTY AND INVESTMENTS	 <u>607,382,158</u>

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY  
BALANCE SHEET  
ASSETS AND OTHER DEBITS  
DECEMBER 31, 2008**

**3. CURRENT AND ACCRUED ASSETS**

	2008
131 CASH	7,502,232
132 INTEREST SPECIAL DEPOSITS	-
134 OTHER SPECIAL DEPOSITS	-
135 WORKING FUNDS	3,000
136 TEMPORARY CASH INVESTMENTS	-
141 NOTES RECEIVABLE	571,359
142 CUSTOMER ACCOUNTS RECEIVABLE	179,709,688
143 OTHER ACCOUNTS RECEIVABLE	30,146,627
144 ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(3,941,518)
145 NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	38,405,829
146 ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	8,670,505
151 FUEL STOCK	-
152 FUEL STOCK EXPENSE UNDISTRIBUTED	-
154 PLANT MATERIALS AND OPERATING SUPPLIES	61,482,768
156 OTHER MATERIALS AND SUPPLIES	-
163 STORES EXPENSE UNDISTRIBUTED	-
164 GAS STORED	398,438
165 PREPAYMENTS	35,299,074
171 INTEREST AND DIVIDENDS RECEIVABLE	31,400
173 ACCRUED UTILITY REVENUES	48,868,000
174 MISCELLANEOUS CURRENT AND ACCRUED ASSETS	(100)
175 DERIVATIVE INSTRUMENT ASSETS	47,976,067
TOTAL CURRENT AND ACCRUED ASSETS	455,123,369

**4. DEFERRED DEBITS**

181 UNAMORTIZED DEBT EXPENSE	20,093,163
182 UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,509,933,322
183 PRELIMINARY SURVEY & INVESTIGATION CHARGES	111,999,883
184 CLEARING ACCOUNTS	(309,587)
185 TEMPORARY FACILITIES	-
186 MISCELLANEOUS DEFERRED DEBITS	3,524,093
188 RESEARCH AND DEVELOPMENT	-
189 UNAMORTIZED LOSS ON REACQUIRED DEBT	30,372,943
190 ACCUMULATED DEFERRED INCOME TAXES	266,036,665
TOTAL DEFERRED DEBITS	1,941,650,482
TOTAL ASSETS AND OTHER DEBITS	8,352,483,258

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**BALANCE SHEET**  
**LIABILITIES AND OTHER CREDITS**  
**DECEMBER 31, 2008**

**5. PROPRIETARY CAPITAL**

		2008
201	COMMON STOCK ISSUED	\$291,458,395
204	PREFERRED STOCK ISSUED	78,475,400
207	PREMIUM ON CAPITAL STOCK	592,222,753
210	GAIN ON RETIRED CAPITAL STOCK	-
211	MISCELLANEOUS PAID-IN CAPITAL	279,618,042
214	CAPITAL STOCK EXPENSE	(25,688,571)
216	UNAPPROPRIATED RETAINED EARNINGS	1,417,747,578
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	(12,340,426)
	TOTAL PROPRIETARY CAPITAL	2,621,493,171

**6. LONG-TERM DEBT**

221	BONDS	1,636,905,000
223	ADVANCES FROM ASSOCIATED COMPANIES	-
224	OTHER LONG-TERM DEBT	253,720,000
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	(2,673,450)
	TOTAL LONG-TERM DEBT	1,887,951,550

**7. OTHER NONCURRENT LIABILITIES**

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	29,242,420
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	423,712,774
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	-
230	ASSET RETIREMENT OBLIGATIONS	553,771,574
	TOTAL OTHER NONCURRENT LIABILITIES	1,006,726,768

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY  
BALANCE SHEET  
LIABILITIES AND OTHER CREDITS  
DECEMBER 31, 2008**

**8. CURRENT AND ACCRUED LIABILITIES**

		2008
231	NOTES PAYABLE	-
232	ACCOUNTS PAYABLE	263,930,255
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	-
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	14,783,977
235	CUSTOMER DEPOSITS	52,675,790
236	TAXES ACCRUED	2,559,478
237	INTEREST ACCRUED	31,750,737
238	DIVIDENDS DECLARED	1,204,917
241	TAX COLLECTIONS PAYABLE	8,734,423
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	214,666,462
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244	DERIVATIVE INSTRUMENT LIABILITIES	335,032,279
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	2,237,580
	TOTAL CURRENT AND ACCRUED LIABILITIES	927,575,898

**9. DEFERRED CREDITS**

252	CUSTOMER ADVANCES FOR CONSTRUCTION	19,443,844
253	OTHER DEFERRED CREDITS	175,846,372
254	OTHER REGULATORY LIABILITIES	820,463,834
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	26,357,509
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	5,201,256
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	624,480,776
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	236,942,280
	TOTAL DEFERRED CREDITS	1,908,735,871
	TOTAL LIABILITIES AND OTHER CREDITS	\$8,352,483,258

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2008**

<b>1. UTILITY OPERATING INCOME</b>		
400	OPERATING REVENUES	\$3,314,028,588
401	OPERATING EXPENSES	\$2,239,372,668
402	MAINTENANCE EXPENSES	140,602,207
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	297,761,071
408.1	TAXES OTHER THAN INCOME TAXES	68,707,433
409.1	INCOME TAXES	44,732,397
410.1	PROVISION FOR DEFERRED INCOME TAXES	232,044,540
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(120,827,173)
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,125,000)
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	<u>(3,157,081)</u>
	TOTAL OPERATING REVENUE DEDUCTIONS	<u>2,897,111,062</u>
	NET OPERATING INCOME	416,917,526
<b>2. OTHER INCOME AND DEDUCTIONS</b>		
415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-
417.1	EXPENSES OF NONUTILITY OPERATIONS	(70,836)
418	NONOPERATING RENTAL INCOME	394,501
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-
419	INTEREST AND DIVIDEND INCOME	14,097,980
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	27,319,884
421	MISCELLANEOUS NONOPERATING INCOME	1,553,716
421.1	GAIN ON DISPOSITION OF PROPERTY	<u>-</u>
	TOTAL OTHER INCOME	<u>43,295,245</u>
421.2	LOSS ON DISPOSITION OF PROPERTY	-
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	<u>2,413,387</u>
	TOTAL OTHER INCOME DEDUCTIONS	<u>2,413,387</u>
408.2	TAXES OTHER THAN INCOME TAXES	313,437
409.2	INCOME TAXES	(13,710,906)
410.2	PROVISION FOR DEFERRED INCOME TAXES	3,938,012
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	165,819
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>(9,293,638)</u>
	TOTAL OTHER INCOME AND DEDUCTIONS	<u>55,002,270</u>
	INCOME BEFORE INTEREST CHARGES	471,919,796
	NET INTEREST CHARGES*	<u>128,025,379</u>
	NET INCOME	<u>\$343,894,417</u>

\*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (10,071,740)

Data from SPL as of March 5, 2009

**SAN DIEGO GAS & ELECTRIC COMPANY  
STATEMENT OF INCOME AND RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2008**

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**3. RETAINED EARNINGS**

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$1,078,672,830
NET INCOME (FROM PRECEDING PAGE)	343,894,417
DIVIDEND TO PARENT COMPANY	-
DIVIDENDS DECLARED - PREFERRED STOCK	(4,819,669)
OTHER RETAINED EARNINGS ADJUSTMENTS	-
RETAINED EARNINGS AT END OF PERIOD	<u>\$1,417,747,578</u>

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2008**

(a) Amounts and Kinds of Stock Authorized:

Preferred Stock	1,375,000 shares	Par Value \$27,500,000
Preferred Stock	10,000,000 shares	Without Par Value
Preferred Stock	Amount of shares not specified	\$80,000,000
Common Stock	255,000,000 shares	Without Par Value

Amounts and Kinds of Stock Outstanding:

**PREFERRED STOCK**

5.0%	375,000 shares	\$7,500,000
4.50%	300,000 shares	6,000,000
4.40%	325,000 shares	6,500,000
4.60%	373,770 shares	7,475,400
\$1.70	1,400,000 shares	35,000,000
\$1.82	640,000 shares	16,000,000
<b>COMMON STOCK</b>	<b>116,583,358 shares</b>	<b>291,458,395</b>

(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application Nos. 93-09-069, 04-01-009 and 06-05-015, to which references are hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application No. 06-05-015 and 08-07-029 to which reference is hereby made.

(d) Number and Amount of Bonds Authorized and Issued:

	Nominal Date of Issue	Par Value Authorized and Issued	Outstanding	Interest Paid in 2008
<u>First Mortgage Bonds:</u>				
6.8% Series KK, due 2015	12-01-91	14,400,000	14,400,000	979,200
Var% Series OO, due 2027	12-01-92	250,000,000	150,000,000	7,612,500
5.85% Series RR, due 2021	06-29-93	60,000,000	60,000,000	3,510,000
2.539% Series VV, due 2034	06-17-04	43,615,000	43,615,000	1,107,385
2.539% Series WW, due 2034	06-17-04	40,000,000	40,000,000	1,015,600
2.516% Series XX, due 2034	06-17-04	35,000,000	35,000,000	880,600
2.832% Series YY, due 2034	06-17-04	24,000,000	24,000,000	679,680
2.832% Series ZZ, due 2034	06-17-04	33,650,000	33,650,000	952,968
2.8275% Series AAA, due 2039	06-17-04	75,000,000	75,000,000	2,120,625
5.35% Series BBB, due 2035	05-19-05	250,000,000	250,000,000	13,375,000
5.30% Series CCC, due 2015	11-17-05	250,000,000	250,000,000	13,250,000
6.00% Series DDD, due 2026	06-08-06	250,000,000	250,000,000	15,000,000
Var Series EEE, due 2018	09-21-06	161,240,000	161,240,000	7,919,707
6.125% Series FFF, due 2037	09-20-07	250,000,000	250,000,000	15,099,826
<u>Unsecured Bonds:</u>				
5.9% CPCFA96A, due 2014	06-01-96	129,820,000	129,820,000	7,659,380
5.3% CV96A, due 2021	08-02-96	38,900,000	38,900,000	2,061,700
5.5% CV96B, due 2021	11-21-96	60,000,000	60,000,000	3,300,000
4.9% CV97A, due 2023	10-31-97	25,000,000	25,000,000	1,225,000

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2008**

<u>Other Indebtedness:</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>	<u>Interest Paid 2008</u>
Commercial Paper & ST Bank Loans	Various	Various	Various	0	\$82,105

Amounts and Rates of Dividends Declared:

The amounts and rates of dividends during the past five fiscal years are as follows:

<u>Preferred Stock</u>	<u>Shares Outstanding</u>	<u>Dividends Declared</u>				
	<u>12-31-08</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
5.0%	375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
4.50%	300,000	270,000	270,000	270,000	270,000	270,000
4.40%	325,000	286,000	286,000	286,000	286,000	286,000
4.60%	373,770	343,868	343,868	343,868	343,868	343,868
\$ 1.7625	0	1,498,125	1,321,875	1,145,625	969,375	242,344
\$ 1.70	1,400,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000
\$ 1.82	640,000	1,164,800	1,164,800	1,164,800	1,164,800	1,164,800
	<u>3,413,770</u>	<u>\$6,317,793</u>	<u>\$6,141,543</u>	<u>\$5,965,293</u>	<u>\$5,789,043</u>	<u>\$5,062,012</u> [2]

Common Stock

Amount	\$200,000,000	\$75,000,000	\$0	\$0	\$0	[1]
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A balance sheet and a statement of income and retained earnings of Applicant for the twelve months ended December 31, 2008, are attached hereto.

[1] San Diego Gas & Electric Company dividend to parent.

[2] Includes \$242,344 of interest expense related to redeemable preferred stock.

**ATTACHMENT C**  
**San Diego Gas & Electric Company Total Regulatory Capitalization**  
**December 31, 2008**  
**(\$ Millions)**

<u>No.</u>	<u>Interest %</u> <u>12/08</u>	<u>Bond</u>	<u>Maturity</u>	<u>Principal</u> <u>(\$ millions)</u>
1	6.800%	SERIES KK	6/01/15	14.4
2	5.000%	SERIES OO-2	12/01/27	60.0
3	5.250%	SERIES OO-3	12/01/27	45.0
4	5.000%	SERIES OO-4	12/01/27	45.0
5	5.850%	SERIES RR	6/01/21	60.0
6	(V)	SERIES VV (CV2004A)	2/15/34	43.6
7	(V)	SERIES WW (CV2004B)	2/15/34	40.0
8	(V)	SERIES XX (CV2004C)	2/15/34	35.0
9	(V)	SERIES YY (CV2004D)	1/01/34	24.0
10	(V)	SERIES ZZ (CV2004E)	1/01/34	33.7
11	(V)	SERIES AAA (CV2004F)	5/01/39	75.0
12	5.3500%	SERIES BBB	5/15/35	250.0
13	5.3000%	SERIES CCC	11/15/15	250.0
14	6.0000%	SERIES DDD	6/1/26	250.0
15	Var	SERIES EEE	7/1/18	161.2
16	6.1250%	SERIES FFF	9/15/37	<u>250.0</u>
17				
<b>Total First Mortgage Bonds</b>				1,636.9
<b>Other Long-Term Debt</b>				
18	5.900%	CPCFA96A	6/01/14	129.8
19	5.300%	CV96A	7/01/21	38.9
20	5.500%	CV96B	12/01/21	60.0
21	4.900%	CV97A	3/01/23	<u>25.0</u>
<b>Total Other Long-Term Debt</b>				253.7
<b>Long-Term Debt before Unamortized premiums, issue expenses &amp; loss on reacquired debt net of tax</b>				<b>1,890.6</b>
				Unamortized discount less premium (2.7)
				Unamortized issued expense (20.1)
				<u>Unamortized loss on reacquired debt net of tax (17.5)</u>
<b>Long-Term Debt net of Unamortized premiums, issue expenses &amp; loss on reacquired debt net of tax</b>				<b>1,850.3</b>
<b>Equity Capital</b>				
Common Stock Equity				2,543.0
Preferred Stock Equity				<u>78.5</u>
<b>Total Equity</b>				<b>2,621.5</b>
<b>Total Regulatory Capitalization</b>				<b>4,471.8</b>

**Appendix C**

**Cities And Counties Served By SCE**

Citizens or some of the citizens of the following counties and municipal corporations will or may be affected by the changes in rates proposed herein.

**COUNTIES**

Fresno	Kings	Orange	Tuolumne*
Imperial	Los Angeles	Riverside	Tulare
Inyo	Madera	San Bernardino	Ventura
Kern	Mono	Santa Barbara	

**MUNICIPAL CORPORATIONS**

Adelanto	Cudahy	La Habra	Ojai	Santa Monica
Agoura Hills	Culver City	La Habra Heights	Ontario	Santa Paula
Alhambra	Cypress	La Mirada	Orange	Seal Beach
Aliso Viejo	Delano	La Palma	Oxnard	Sierra Madre
Apple Valley	Desert Hot Springs	La Puente	Palm Desert	Signal Hill
Arcadia	Diamond Bar	La Verne	Palm Springs	Simi Valley
Artesia	Downey	Laguna Beach	Palmdale	South El Monte
Avalon	Duarte	Laguna Hills	Palos Verdes Estates	South Gate
Baldwin Park	El Monte	Laguna Niguel	Paramount	South Pasadena
Barstow	El Segundo	Laguna Woods	Perris	Stanton
Beaumont	Exeter	Lake Elsinore	Pico Rivera	Tehachapi
Bell	Farmersville	Lake Forest	Placentia	Temecula
Bell Gardens	Fillmore	Lakewood	Pomona	Temple City
Bellflower	Fontana	Lancaster	Port Hueneme	Thousand Oaks
Beverly Hills	Fountain Valley	Lawndale	Porterville	Torrance
Bishop	Fullerton	Lindsay	Rancho Cucamonga	Tulare
Blythe	Garden Grove	Loma Linda	Rancho Mirage	Tustin
Bradbury	Gardena	Lomita	Rancho Palos Verdes	Twentynine Palms
Brea	Glendora	Long Beach	Rancho Santa Margarita	Upland
Buena Park	Goleta	Los Alamitos	Redlands	Victorville
Calabasas	Grand Terrace	Lynwood	Redondo Beach	Villa Park
California City	Hanford	Malibu	Rialto	Visalia
Calimesa	Hawaiian Gardens	Mammoth Lakes	Ridgecrest	Walnut
Camarillo	Hawthorne	Manhattan Beach	Rolling Hills	West Covina
Canyon Lake	Hemet	Maywood	Rolling Hills Estates	West Hollywood
Carpinteria	Hermosa Beach	McFarland	Rosemead	Westlake Village
Carson	Hesperia	Mission Viejo	San Bernardino	Westminster
Cathedral City	Hidden Hills	Monrovia	San Buenaventura	Whittier
Cerritos	Highland	Montclair	San Dimas	Woodlake
Chino	Huntington Beach	Montebello	San Fernando	Yorba Linda
Chino Hills	Huntington Park	Monterey Park	San Gabriel	Yucaipa
Claremont	Indian Wells	Moorpark	San Jacinto	Yucca Valley
Commerce	Industry	Moreno Valley	San Marino	
Compton	Inglewood	Murrieta	Santa Ana	
Corona	Irvine	Newport Beach	Santa Barbara	
Costa Mesa	Irwindale	Norco	Santa Clarita	
Covina	La Canada Flintridge	Norwalk	Santa Fe Springs	

\*SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements.

**Appendix D**

**Cities And Counties Served By SDG&E**

State of California  
Attorney General's Office  
P.O. Box 944255  
Sacramento, CA 94244-2550

City of Chula Vista  
Attn. City Attorney  
276 Fourth Ave  
Chula Vista, Ca 91910-2631

United States Government  
General Services Administration  
300 N. Los Angeles  
Los Angeles, CA 90012

State of California  
Attn. Director Dept of General Services  
PO Box 989052  
West Sacramento, CA 95798-9052

City of Coronado  
Attn. City Attorney  
1825 Strand Way  
Coronado, CA 92118

City of Carlsbad  
Attn. City Clerk  
1200 Carlsbad Village Drive  
Carlsbad, CA 92008-1949

City of Carlsbad  
Attn. City Attorney  
1200 Carlsbad Village Drive  
Carlsbad, CA 92008-19589

City of Dana Point  
Attn. City Attorney  
33282 Golden Lantern  
Dana Point, CA 92629

City of Encinitas  
Attn. City Attorney  
505 S. Vulcan Ave.  
Encinitas, CA 92024

City of Del Mar  
Attn. City Attorney  
1050 Camino Del Mar  
Del Mar, CA 92014

City of Escondido  
Attn. City Attorney  
201 N. Broadway  
Escondido, CA 92025

City of Solana Beach  
Attn. City Attorney  
635 S. Highway 101  
Solana Beach, CA 92075

City of Imperial Beach  
Attn. City Clerk  
825 Imperial Beach Blvd  
Imperial Beach, CA 92032

City of Laguna Beach  
Attn. City Clerk  
505 Forest Ave  
Laguna Beach, CA 92651

City of Imperial Beach  
Attn. City Attorney  
825 Imperial Beach Blvd  
Imperial Beach, CA 92032

City of Laguna Niguel  
Attn. City Attorney  
22781 La Paz Ste. B  
Laguna Niguel, CA 92656

City of La Mesa  
Attn. City Attorney  
8130 Allison Avenue  
La Mesa, CA 91941

City of Lemon Grove  
Attn. City Attorney  
3232 Main St.  
Lemon Grove, CA 92045

City of Laguna Beach  
Attn. Attorney  
505 Forest Ave  
Laguna Beach, CA 92651

City of Lemon Grove  
Attn. City Clerk  
3232 Main St.  
Lemon Grove, CA 92045

City of Mission Viejo  
Attn City Attorney  
200 Civic Center  
Mission Viejo, CA 92691

City of Mission Viejo  
Attn City Clerk  
200 Civic Center  
Mission Viejo, CA 92691

City of Oceanside  
Attn. City Clerk  
300 N. Coast Highway  
Oceanside, CA 92054-2885

County of Orange  
Attn. County Clerk  
P.O. Box 838  
Santa Ana, CA 92702

City of National City  
Attn. City Attorney  
1243 National City Blvd  
National City, CA 92050

County of Orange  
Attn. County Counsel  
P.O. Box 1379  
Santa Ana, CA 92702

City of National City  
Attn. City Clerk  
1243 National City Blvd  
National City, CA 92050

City of Poway  
Attn. City Attorney  
P.O. Box 789  
Poway, CA 92064

Naval Facilities Engineering Command  
Navy Rate Intervention  
1314 Harwood Street SE  
Washing Navy Yard, DC 20374-5018

City of Poway  
Attn. City Clerk  
P.O. Box 789  
Poway, CA 92064

City of San Clemente  
Attn. City Attorney  
100 Avenida Presidio  
San Clemente, CA 92672

City of San Diego  
Attn. Mayor  
202 C St.  
San Diego, CA 92010

City of San Clemente  
Attn. City Clerk  
100 Avenida Presidio  
San Clemente, CA 92672

County of San Diego  
Attn. County Clerk  
P.O. Box 121750  
San Diego, CA 92101

City of San Diego  
Attn. City Attorney  
202 C Street.  
San Diego, CA 92101

County of San Diego  
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**Appendix E**

**SCE Summary Of Earnings**

**Southern California Edison  
Summary of Earnings  
2008 GRC-Related Adopted Revenue Requirement <sup>1/</sup>  
Thousands of Dollars**

Line No.	Item	Total
1.	<b>Base Revenues</b>	4,113,324
2.	<b>Expenses:</b>	
3.	Operation & Maintenance	1,874,463
4.	Depreciation	882,131
5.	Taxes	617,599
6.	Revenue Credits	(170,624)
7.	Total Expenses	3,203,569
8.	<b>Net Operating Revenue</b>	909,755
9.	<b>Rate Base</b>	10,397,198
10.	<b>Rate of Return</b>	8.75%

<sup>1/</sup> D.06-05-016/Advice Letter 2176-E and 2196-E  
Includes one SONGS 2&3 refueling and maintenance outage

**Appendix F**

**SDG&E Summary Of Earnings**

**SAN DIEGO GAS & ELECTRIC COMPANY  
SUMMARY OF EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	\$3,314
2	Operating Expenses	<u>2,897</u>
3	Net Operating Income	<u><u>\$417</u></u>
4	Weighted Average Rate Base	\$4,050
5	Rate of Return*	8.40%

\*Authorized Cost of Capital

**Appendix G**

**SCE's Draft Proposed Bill Insert in Compliance with Rule 3.2**

NOTICE OF FILING

**SOUTHERN CALIFORNIA EDISON  
NOTIFICATION OF APPLICATION TO INCREASE ELECTRIC RATES  
APPLICATION NO. A.09-04-XXX**

On April 3, 2009 Southern California Edison Company (SCE) filed an application with the California Public Utilities Commission (CPUC) to set contribution levels for each company's nuclear decommissioning trust fund and other related issues in connection with San Onofre Nuclear Generating Station (SONGS) Unit 1, 2, and 3.

In this application, SCE requests the CPUC to approve increased contribution to its Nuclear Decommissioning Trust Funds (NDCTP) for SONGS Units 2 & 3 and for Palo Verde Nuclear Generating Station Units 1, 2 & 3 after the end of their current Nuclear Regulatory Commission license periods. The current annual revenue requirement to cover contributions to SCE's trust funds is \$46.4 million. SCE is requesting that these contributions be increased to \$66.4 million or 43% annually beginning January 1, 2011, when compared to total system revenues at present rates (as of December 2008). The current annual contributions to the decommissioning trust funds will not provide sufficient funds to pay projected decommissioning costs, so increased contributions are required. There will be no bill impact for the first year (2010) due to other offsetting costs and revenues. This means that you will not see a rate increase or decrease in your monthly bill the first year for the nuclear decommissioning trust funds for SONGS 2 & 3 and for Palo Verde Nuclear Generating Station Units 1, 2, and 3.

**ILLUSTRATIVE EFFECT ON ELECTRIC RATES AND BILLS**

The requested 2009 NDCTP revenue requirement results in an annual increase of \$20.0 million or 43% beginning January 1, 2011, when compared to total system revenues at present rates (as of December, 2008). The following table shows an estimate of proposed revenues and rate changes by customer group:

<b>2009 Nuclear Decommissioning Cost Triennial Proceeding Application (NDCTP) For January 1, 2011 Implementation</b>		
<b>Customer Group</b>	<b>Revenue Change (\$million)</b>	<b>% Change</b>
Residential	6,649	43.02%
Lighting - Small and Medium Power	6,752	43.02%
Large Power	5,677	43.02%
Agricultural and Pumping	739	43.02%
Street and Area Lighting	165	43.02%
<b>TOTAL</b>	<b>\$19,982</b>	<b>43.02%</b>

## EVIDENTIARY HEARINGS

The CPUC may hold evidentiary hearings whereby formal parties of record provide testimony and are subject to cross-examination before the CPUC's Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has their own court reporters who will record the comments of those formal parties of record participating in the evidentiary hearings. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed decision. When the CPUC issues a final decision on the application, it may adopt, amend, or modify all or part of the ALJ's proposed decision as written. The CPUC's decision may be different than SCE's request.

### FOR FURTHER INFORMATION FROM SCE

As noted above, you may review a copy of this Application and related exhibits at SCE's corporate headquarters (2244 Walnut Grove Avenue, Rosemead, CA 91770). You may also view these materials at the following SCE business offices:

1 Pebbly Beach Rd. Avalon, CA 90704	30553 Rimrock Rd. Barstow, CA 92311	374 Lagoon St., Bishop, CA 93514
505 W. 14 <sup>th</sup> Ave. Blythe, CA 92225	3001 Chateau Rd. Mammoth Lakes, CA 93546	510 S. China Lake Blvd., Ridgecrest, CA 93555
26364 Pine Ave. Rimforest, CA 92378	41694 Dinkey Creek Rd. Shaver Lake, CA 93664	421 W. J St., Tehachapi, CA 93561
120 Woodland Dr., Wofford Heights, CA 93285	6999 Old Woman Springs Rd. Yucca Valley, CA 92284	

Customers with internet access may view and download SCE's application and the papers supporting it on SCE's web site, [www.sce.com](http://www.sce.com). Anyone who would like to obtain more information about the application, please write to:

Southern California Edison Company  
P.O. Box 800  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Attention: Case Administration

Para solicitar una copia de esta notificación en español por favor escriba a:

Southern California Edison Company  
2244 Walnut Grove Avenue, Quad 4A  
Rosemead, CA 91770

*a la atención de Comunicaciones Corporativas o por medio de correo electrónico a [gabby.garcia@sce.com](mailto:gabby.garcia@sce.com).*

## THE CPUC WELCOMES YOUR PARTICIPATION AND COMMENTS

Division of Ratepayer Advocates (DRA) is an independent arm of the CPUC, re-created by the Legislature to represent the interests of all utility customers throughout the state to obtain the lowest possible rates for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering.

You may submit written comments to CPUC's Public Advisor's Office at the address or e-mail shown below. Please state that you are writing concerning SCE's application A.09-04-XXX. Your comments will become a part of the formal correspondence file for public comment in this proceeding. The Public Advisor's Office will circulate your comments to the five Commissioners, the ALJ, DRA, and to CPUC staff assigned to this proceeding. You may also write to the CPUC if you need advice on how to participate in this proceeding, or would like to receive further notices regarding the date, time, and place of any hearing on SCE's application. You may also review a copy of this Application and related exhibits at SCE's corporate headquarters (2244 Walnut Grove Avenue, Rosemead, CA 91770). Finally, you may also review a copy of this Application and related exhibits at the CPUC's main office in San Francisco, listed below.

The Public Advisor California Public Utilities Commission 320 West Fourth Street, Suite 500 Los Angeles, CA 90013  Or by e-mail: <i>Public.Advisor.la@cpuc.ca.gov</i>	The Public Advisor California Public Utilities Commission 505 Van Ness Avenue, Room 2103 San Francisco, CA 94102  Or by e-mail: <i>Public.Advisor@cpuc.ca.gov</i>
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April 2009

**Appendix H**

**SDG&E's Draft Proposed Bill Insert in Compliance with Rule 3.2**

**SAN DIEGO GAS & ELECTRIC COMPANY  
NOTIFICATION OF APPLICATION TO INCREASE ELECTRIC RATES  
APPLICATION NO. A.09-04-XXX**

On April 3, 2009, San Diego Gas & Electric Company (SDG&E<sup>®</sup>) and Southern California Edison Company (SCE) filed a joint application with the California Public Utilities Commission (CPUC) to set contribution levels for each company's nuclear decommissioning trust fund and other related issues in connection with San Onofre Nuclear Generating Station (SONGS) Units 1, 2 and 3.<sup>1</sup>

In this application SDG&E requested an increase to its revenue requirement to cover increased contributions to its nuclear decommissioning trust funds for SONGS 2 & 3 beginning in 2010. The current annual revenue requirement to cover contributions to SDG&E's trust funds is \$9.48 million. SDG&E is requesting that these contributions be increased to \$15.46 million annually. There will be no bill impact due to other offsetting costs and revenues. This means that you will not see a rate increase or decrease in your monthly bill for the nuclear decommissioning trust funds for SONGS 2 & 3. Beginning on May 1, 2010, the Nuclear Decommissioning revenue requirement will be increased; however, SDG&E expects that this increase will be offset by reductions in other costs of service collected from customers. If this increase were not to be offset by other costs, an illustrative example below shows what the bill impact would otherwise be.

**ILLUSTRATIVE EFFECT ON ELECTRIC RATES AND BILLS**

Based on its proposal, SDG&E does not expect bills to be impacted by this application even if the CPUC approves the increased level of contributions to the nuclear decommissioning trust funds. If, however, the annual contributions to the nuclear decommissioning trust funds and the associated rates were to be implemented without recognizing the offsetting cost and revenue factors SDG&E has brought to the CPUC's attention in the application, a typical non-CARE residential customer's summer (inland climate zone) electric bill using 500 kilowatt-hours of electricity would increase from \$73.04 per month to \$73.07 per month, or 3 cents, on January 1, 2011. The impact on each customer and customer class could vary depending on the CPUC's final decision. The following table shows the rate changes SDG&E is requesting in this application. The actual rates approved by the CPUC may be higher or lower than those requested by SDG&E.

**SAN DIEGO GAS & ELECTRIC COMPANY —ELECTRIC DEPARTMENT  
ILLUSTRATIVE ELECTRIC DISTRIBUTION RATE IMPACT**

	<b>4/01/09 Class Average Rates</b>	<b>Class Average Rates Reflecting Proposed Revenue Changes</b>	<b>Total Rate Change</b>	<b>Percentage Rate Change</b>
	<b>(¢/kWh)</b>	<b>(¢/kWh)</b>	<b>(¢/kWh)</b>	<b>%</b>
<b>Residential<sup>2</sup></b>	18.233	18.261	0.028	0.15%
<b>Small Commercial</b>	18.616	18.644	0.028	0.15%
<b>Medium and Large C&amp;I</b>	15.344	15.372	0.028	0.18%
<b>Agricultural</b>	18.079	18.108	0.029	0.16%
<b>Lighting</b>	15.948	15.980	0.032	0.20%
<b>System Total</b>	16.715	16.743	0.028	0.17%

<sup>1</sup> SCE owns an 80% interest in SONGS 1 and a 78.21% interest in SONGS 2 & 3. SDG&E owns a 20% interest in SONGS 1, 2 and 3. The City of Riverside own the remaining 1.79% interest in SONGS 2&3.

<sup>2</sup> Pursuant to California Assembly Bill 1X, electric rates for residential usage up to 130% of baseline allowances will not exceed rate levels in effect February 1, 2001.

## **EVIDENTIARY HEARINGS**

Evidentiary Hearings (EHs) may be held whereby parties of record will present their testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These EHs are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during the evidentiary hearings. After considering all evidence presented during the formal hearing process, the assigned ALJ will issue a proposed decision. The CPUC may approve expenditures that differ from those SDG&E requests. The actual rates may result in changes greater or less than those described in this notice.

## **FOR FURTHER INFORMATION**

You may request additional information or obtain a copy of the application and related exhibits by writing to: W. Keilani, San Diego Gas & Electric Company, 8330 Century Park Court, CP32D, San Diego, CA 92123. SDG&E's application and related exhibits may also be inspected at the CPUC office located at 505 Van Ness Ave., San Francisco, CA 94102. Additionally, a copy of the application and related exhibits may be inspected at the following SDG&E business offices:

436 H St.  
Chula Vista, CA 91910

104 North Johnson Ave.  
El Cajon, CA 92020

320 West Mission Ave.  
Escondido, CA 92025

2405 Plaza Blvd.  
National City, CA 91950

336 Euclid Ave.  
Suite 502  
San Diego, CA 92102

2604 El Camino Real  
Suite B  
Carlsbad, CA 92008

440 Beech St.  
San Diego, CA 92101

The application and related exhibits are also available electronically on SDG&E's Web site at [www.sdge.com/regulatory/cpuc.shtml](http://www.sdge.com/regulatory/cpuc.shtml).

Copies of this bill insert will be available for viewing and printing on the SDG&E Web site at [www.sdge.com/billinserts/regulatory.shtml](http://www.sdge.com/billinserts/regulatory.shtml).

## **CPUC PROCESS**

If you wish to provide public comment regarding this application filing, you can write to the CPUC's Public Advisor's Office (PAO), 505 Van Ness Ave., San Francisco, CA 94102 or by e-mail at [public.advisor.la@cpuc.ca.gov](mailto:public.advisor.la@cpuc.ca.gov). When writing to the PAO, please refer to A.09-04-XXX in your correspondence. All public comments received by the Public Advisor's Office will be forwarded to the Commissioners and the assigned ALJ for review, and become part of the formal correspondence file for public comment. In your letter, state that your comments are regarding Application No. A.09-04-XXX. If you wish to attend the EHs to listen only, and you are in need of special accommodations, please contact the PAO within 3 – 5 days in advance of the EHs.

**CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **JOINT APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR THE 2009 NUCLEAR DECOMMISSIONING COST TRIENNIAL PROCEEDING** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand or by overnight courier to the offices of the Commission or other addressee(s).

Executed this **3rd day of April, 2009**, at Rosemead, California.

/s/ Raquel Ippoliti  
Raquel Ippoliti  
Project Analyst  
SOUTHERN CALIFORNIA EDISON COMPANY

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